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SUBJECT: ETHIOPIA: PRIME MINISTER AND BILATERAL DONORS
MOSTLY AGREE ON GOVERNANCE AGENDA

¶1. SUMMARY: After nearly four months of donor requests for a high-level meeting on democratic governance, Ethiopian Prime Minister Meles Zenawi, senior ministers, and advisors met with the Charge, other donor Ambassadors, and heads of cooperation on May 8 to launch a dialogue on governance with representatives of the Donor Assistance Group (DAG). Senior government officials presented their views on three pillars of Ethiopia,s democratic governance process, namely the Ethiopian Constitution, state and non-state institutions of democratic governance and the fostering of a culture of democracy in Ethiopia. The Prime Minister and donor representatives agreed that there are no fundamental differences over the principles of democratic governance between Ethiopia and donor countries. The Prime Minister and development partners agreed to begin dialogue on specific governance issues in the context of the country,s poverty reduction and sustainable development strategy. All agreed on the importance of meeting regularly, deepening dialogue and building trust. END SUMMARY.

¶2. Participants at the meeting on the Government of Ethiopia side included: Prime Minister Meles, Capacity Building Minister Tefera, Finance and Development Minister Sufian (MOFED), MOFED State Minister Makonnen and Neway Gebre-Ab, chief Economic Advisor to the Prime Minister. Ambassadors and heads of cooperation of all bilateral donors were invited, and most showed up. All bilateral donor countries had representation. The GOE had insisted, despite strong objections from the DAG, that major multilateral institutions such as the World Bank, United Nations and ADB not be invited. The GOE argued that multilateral donors should be focused on economic, rather than political, governance.

THREE COMPONENTS OF DEMOCRATIZATION

¶3. The Prime Minister opened the meeting by stating that its purpose was to launch a dialogue on political governance with representatives of the DAG and to discuss areas of mutual interest related to governance. Noting that some recent DAG working papers had asserted that the Ethiopian government and donor countries had different concepts of democracy, Meles stated that the process of democratization in Ethiopia had three components: the Constitution, which served as the base; state and non-state institutions of democratic governance, which served as the primary structure; and lastly, Ethiopia,s culture and tradition of democracy.

CHIEF ECONOMIC ADVISOR EXPLAINS CONSTITUTION

14. Chief Economic Advisor Neway said that Ethiopia's constitution provides the necessary framework for democracy in Ethiopia. The Constitution clearly states that the country is a multi-party, parliamentary democracy in a federal state (Articles 31, 29, 2, 56), and delineates political rights and social rights, without any priority given to either individual rights or collective rights, he said. Furthermore, the Constitution clearly indicates the sovereignty of the people in establishing the executive and legislative branches, while the judiciary is formed in another way. These institutions, as well as public opinion (expressed through periodic elections and free media), provide checks and balances, he said.

15. According to Neway, key differences between the Ethiopian Constitution and that of other countries include: reference to the self-determination of peoples and nationalities, which allows groups to secede if they meet certain criteria; allowing for a multilingual state; and the unambiguous affirmation that land is owned by the state and the people of Ethiopia.

INSTITUTIONS OF DEMOCRATIC GOVERNANCE

16. Minister of Capacity Building Tefera discussed democratic institutions associated with the State:

-- Parliament: simple majority, ruling party leads decision-making, opposition deserves to be heard, oversees the Executive branch of government;

-- House of Federation: interprets the Constitution, handles issues of self-determination, determines division of revenues and subsidies to regions, protects minority peoples rights; similar to European constitutional courts;

-- Executive Branch: civil service reform underway;

-- Judiciary: the Constitution guarantees an independent judiciary, and the government is convinced that it is independent. Judicial reform has significantly improved efficiency in the past few years, with cases now coming before the court faster. The process for appointment of judges in Ethiopia is consistent with that of other countries.

-- Other state institutions include the Human Rights Commission and the Ombudsman, both mentioned in the Constitution and just starting; and the National Electoral Board.

17. Political parties: According to Tefera, parties that do not respect the Constitution and rule of law are therefore not real political parties. Illegal funding of political parties, and an undemocratic culture in Ethiopia based on history, were additional problem, he said. A dialogue between the ruling EPRDF party and opposition parties is underway. While asserting that there was a lot of self-criticism within the EPRDF, Tefara said the EPRDF sought to promote greater tolerance of broader debate and criticism from outside the party.

CONCERN ABOUT TRANSPARENCY OF CIVIL SOCIETY ORGANIZAITONS,
NGOS

18. Tefera said the government was surprised by a recent study showing the large number of membership-based civil society organizations, including new associations of exporters, traders or lawyers, which are key for building

democracy and represent the constitutional right to organize.

However, non-membership based organizations, mainly funded from abroad, are "parallel networks of international rent collectors," are not transparent and accountable locally, but rather externally, and have unreasonably high overhead costs.

Nevertheless, the government still thinks they have a role to play; differences need to be solved by a common understanding on an agreed-upon definition of civil society, he said.

¶9. PM Meles observed that institutionalization is central to democratization and to implementation of the Constitution. Democratic institutions in Ethiopia are modeled on those of other countries, he said. Meles acknowledged, however, that the GOE,s view of non-membership based civil society organizations that are externally accountable and part of parallel networks may differ from donor countries, concept of NGOs. NGOs played an important role in the success of Ethiopia,s armed struggle against the Dergue, Meles said, but civil society and NGOs are not the same. Civil society organizations are critical for democracy if they are membership-based and accountable to their members. NGOs, on the other hand, are only accountable to funding agencies, not to the country where they work. NGOs bring expertise and funds, but should not be involved in democratic discourse, Meles said. There is no space for such NGOs in the democratic process, he added.

MELES DISCUSSES "CULTURE OF DEMOCRACY"

¶10. PM Meles said building a culture of democracy in Ethiopia was a long-term endeavor, not willed overnight, and depended on civic education, media, and management of key events in a nation,s history. Curriculum development for introducing civic education at all educational levels, largely modeled on the U.S. system, has been underway, but implementation was weak, he said.

CONCERN ABOUT "COUNTER-PRODUCTIVE" MEDIA

¶11. Meles said media was an important forum for debate and dialogue, if done in a civilized manner. Media can provide information essential for engagement and participation of the community, inform the public, and serve as an instrument of accountability. On the other hand, media could also be counter-productive, and thus was a two-edged sword. Counter-productive media could be a source of disinformation, could incite hatred and prejudice, or could be a forum for destructive propaganda, Meles said.

¶12. Media problems arise from using informal or illegal channels of funding, Meles said. As formal regulations have not worked, because not all stakeholders have been involved, informal regulations, through a culture of responsible and responsive journalism, are needed, he added. Meles cited a culture of intolerance among some media: some private media were established by journalists expelled from public media after the fall of the Dergue, and had links to various political parties, he said. According to Meles, the way forward includes bringing together the public and private media for discussions to achieve optimum results, implementing and upgrading public media guidelines, improving the informal and formal regulations on the private media, and moving cautiously on opening up electronic media.

¶13. Key historical events, and how they are managed and explained, are critical to building democratic culture, Meles said. For example, the government set up an independent investigation of 2003 events in Gambella that partially contradicted the government,s position. Based on the investigation, the government prosecuted and jailed security force members, he said, which served as the beginning of a tradition of independent investigations to verify facts. A

second example was the aftermath of the 2005 elections, which Meles said was an attack on the Constitution and rule of law.

The government response was to enforce the rule of law while trying to address legitimate concerns of opposition parties.

¶14. Ethiopia,s concept of democracy was consistent with other countries, democratic norms and principles, Meles concluded. While the Constitution was neutral with regard to individual and group rights, the ruling party believes that individual rights are key, and form the basis for group rights, he said. Ethnic federalism and self-determination are found in other countries, such as the Quebec province of Canada. The ruling party,s views on the fundamentals of democracy are consistent with the norms and rules of the Constitution, Meles said.

DONORS HAVE "RENT SEEKING" RELATIONSHIP WITH AFRICA

¶15. The differences between Ethiopia and donor countries are mainly in economic policy, Meles said. The "new liberal paradigm" has as its fundamental premise is that many African states are involved with rent seeking or corruption, and therefore African governments must be shackled and their roles marginalized. Thus, NGOs and other non-state actors receive support for service provision and other roles. Marginalizing the African state does not bring about economic development or democratic governance, Meles said.

¶16. African states and donors have an inherently undemocratic "rent-seeking" relationship, Meles asserted, with donors buying policies in return for aid. The two beneficiaries of the rent-seeking are African states who get the funds, and NGOs who set up parallel programs. If African states are committed to democracy and economic development, they should not have to sell policies, he said; this relationship externalizes accountability and squanders the opportunity for the countries to learn. Good policies should not be bought, or be seen to be bought, he said. Government should be accountable to the people, parliament, and other representative bodies, but instead feels obliged to be accountable to donors, Meles said.

¶17. On behalf of the donor representatives, EC Ambassador Tim Clarke responded that donors believe the GOE is showing encouraging signs, such as review of Parliamentary rules and procedures, inter-party dialogue, international review of media laws, plans for NEBE institutional development, and the new five-year Plan for Accelerated and Sustained Development to End Poverty (PASDEP) debate in Parliament. Canadian Ambassador Boulanger called for a holistic approach to governance, to include political, economic, social,

environmental and corporate aspects of governance. The DFID Country Director provided specific suggestions to move the process forward, including: having the "Neway group" meet as soon as possible to discuss specifics of the governance agenda under the PASDEP umbrella, holding semiannual fora with the PM, including multilateral organizations in future dialogue as they are DAG members, and developing a MOU with clear principles and understandings of democratic governance.

¶18. Meles said that while there are no major fundamental differences in our conceptualization of democracy, there are some concepts that could lead to misunderstanding, such as the misunderstood notion of "revolutionary democracy." He said the World Bank changed its assistance approach to Ethiopia because of alleged backsliding in democratization, which was very confusing to the GOE. The government may have allowed or encouraged this confusion by allowing the World Bank to get involved with discussions on political governance, he said; thus, the World Bank should not be involved in discussions on political governance, since it is not part of their mandate.

MELES DISCUSSES EPRDF ROLE

¶19. As a left-of-center party, the EPRDF joined the progressive democratic network, Meles said. Like European labor parties, the EPRDF believes the state must be pro-active and can play a role to promote equity and equality; globalization can be a force for good if it is made inclusive; and constitutions are the basis for democracy. Unlike European labor parties, however, the EPRDF emphasizes equitable growth rather than redistributing state resources for the benefit of all, especially the poor. In Ethiopia, Meles continued, there is nothing to be redistributed. Meles added that another major difference is that the European parties have labor unions and other groups as the social basis of their movements, whereas in Ethiopia the social basis of the EPRDF movement is the "peasantry."

¶20. According to Meles, the distinguishing characteristic of the EPRDF is that it sees Ethiopia as a democratic developing state, and the state plays a critical development role. Revolutionary democracy in Ethiopia is defined by its democratic development agenda: transforming political economy and development by measured private sector and other stakeholder expansion, and slowly opening political space to allow non rent-seeking organizations to expand. The second defining characteristic is the peasant-based social focus of the party, Meles said.

¶21. In 2000, the EPRDF had a split in party ranks, Meles said. Since then, revolutionary democracy has been precisely defined, with positions and definitions published in 2001. Later, the party articulated policies and strategies in detail, such as the industrialization policy, based on the party definition of revolutionary democracy. Government positions are articulated in the policies and strategies of the ruling party. The government is committed to consultations, but at the end of the day, the government makes the final decisions, he said.

¶22. As an emerging democracy, Ethiopia has flaws, but is moving in the right direction, Meles said. It took centuries for other democratic countries to develop democratic institutions and culture. Meles concluded by calling for smaller group discussions on specifics, while continuing some discussion on fundamentals. Political turbulence should not affect the IFIs decisions on a selective basis, which is what happened with the World Bank, he said. He claimed that the government had agreed with the World Bank that political governance is not in the Bank's mandate.

COMMENT

¶23. (SBU) This meeting represented the first time that the PM and his senior government and party leaders had addressed democratic governance questions, as well as conceptual issues of concern such as the EPRDF's "revolutionary democracy", as well as the timing of political openings and democratic institution-building. Although the meeting lasted over three hours, this was clearly just the first step in continuing

dialogue and debate with the donors on the broad range of governance issues, especially human rights, media, differentiating party and state, and free and fair elections.

The Government clearly wants predictability on donor flows to plan development strategies and priorities, while the donors clearly want consistent respect for democratic governance principles and institutions. While there was broad agreement by all that there are no fundamental differences over the principles of democratic governance, there are still concerns about the commitment of the GOE to actually implement the rights, institutions and democratic culture as expressed in the Constitution and by the PM. We now have a forum to build on for further high-level discussion, however, a very positive development.

¶24. (SBU) The PM's remarks about the rent-seeking

relationship between donors and some African countries show his pique at the abrupt ending of direct budget support (DBS) by several large donors in November 2005. His comments on NGOs may have been more severe because of donors, insistence that strict accountability and a role for NGOs be included in the new Protecting Basic Services (PBS) program, which is being set up in lieu of DBS. Post is encouraged to see the PM,s support for member-based civil society organizations and their role in democratic discourse. Three years ago, the government did not approve the registration of truly independent member associations, and now they have a seat at the table.

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